



N E W S R E L E A S E

***Michael White-Securities America Report:***  
**60% of Community Bank Investment Programs Set to Earn \$250K Grow in 1Q**

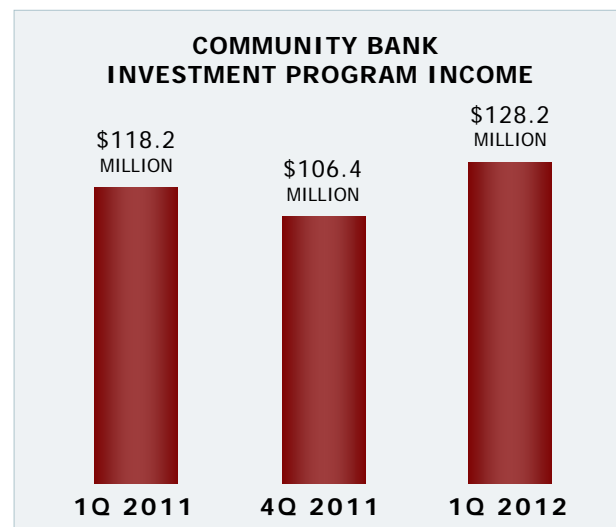
**FOR IMMEDIATE RELEASE** – Radnor, PA, and La Vista, NE, August 9, 2012 – Community bank investment programs grew 8.5% in first quarter 2012, but most of the growth was due to the influx of thrift (i.e., savings association) data, according to the *Michael White-Securities America Report: Community Bank Investment Programs™*. Until this year, thrifts had not previously reported line item noninterest fee income.

Sponsored by Securities America and issued by Michael White Associates, LLC, the report measures and benchmarks investment programs at community banks, i.e., banks with less than \$4 billion in assets. The current report is based on data reported by all 7,307 commercial banks, FDIC-regulated savings banks and, reporting for the first time, savings associations operating on March 31, 2012. The report specially examines the 6,685 community banks among the 7,307, plus it further segments them into five asset classes whose performance is also analyzed.

“Perhaps the best news among first-quarter findings is that, of 412 community banks on track to earn a minimum \$250,000 in yearly program revenues, 3 in every 5 (59.0%) experienced growth over first quarter 2011,” said Gregg H. Johnson, Senior Vice President at Securities America. “In fact, nearly half (48.5%) registered double-digit growth in program revenues. In addition, first quarter 2012 mean program income was 5.7% higher compared to 2011.”

**Program Production**

In first quarter 2012, 1,407 or 19.8% of community banks participated in investment program activities, producing \$128.2 million in program income, up 8.5% from \$118.2 million in first quarter 2011. Without the influx of the newly reporting thrifts, investment program income rose only 1.2% to \$119.6 million. First quarter 2012 program income of \$128.2 million increased 20.5% from \$106.4 million in fourth quarter 2011.



SOURCE:  
 Michael White-Securities America Report:  
 Community Bank Investment Programs™

These community banks achieved average investment program fee income of \$91,151 in first quarter 2012, up 5.7% from \$86,269 in first quarter 2011. The number of banks participating in investment program activities was up by 2.7% from 1,370 banks in first quarter 2011 to 1,407 banks in first quarter 2012, again thanks to the influx of new thrift-reporters.

**Program Penetration**

The Penetration of an investment program is measured as the amount of program revenue generated per million dollars of core or retail deposits. These deposits substitute as a measure of retail customers and the breadth of the customer relationship, since the data for retail customers or retail households are hard to obtain on a reliable, national, and standardized basis.

“In first quarter 2012, community banks earned mean investment program income of \$204 per million dollars of retail bank deposits,” said Michael White, president of Michael White Associates and author of the report. “In contrast, big banks with assets over \$4 billion attained a higher mean Investment Program Penetration of \$250 per million dollars of retail deposits; so, there is opportunity for community banks to enhance their programs.” Community banks with assets under \$100 million had the largest mean Penetration ratio at \$238 per million dollars of retail deposits. This Penetration benchmark was somewhat depressed due to the fact that banks are flush with deposits.

**Program Concentration**

Program Concentration calculates the portion of total noninterest income attributable to a specific kind of noninterest fee income. This ratio enables us to know how concentrated or meaningful bank investment programs are among their banks’ non-lending activities.

As a group, community banks achieved a higher mean Concentration of investment program income to noninterest income than larger banks in first quarter 2012. As a group, community banks attained a Concentration ratio of 7.6%, with banks with between \$100 million and \$300 million in assets reaching the highest mean ratio of program income to noninterest income of 8.9%. Large banks, those with assets greater than \$4 billion, had a lower mean Concentration ratio of 6.0% for the same period, reflecting the fact that, in their case, they tend to have more sources of noninterest income in larger volumes than just investment program income.

<b>Performance Benchmarks for Community Bank Investment Program Income</b>		
<b>Performance Measures</b>	<b>1Q 2012 Mean Ratios</b>	<b>1Q 2011 Mean Ratios</b>
Production - Dollar Volume	\$91,151	\$86,269
Concentration - % of Noninterest Income	7.56%	7.90%
Penetration – \$ per Million Dollars of Retail Deposits	\$204	\$210
Productivity - \$ per Bank Employee	\$634	\$634
Density - \$ per Domestic Office	\$13,496	\$14,584

*SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™*

**Program Productivity**

Investment Program Productivity measures the amount of program fee income per bank employee. Program Productivity enables us to assess the relative generation of income among bank employees, which are frequently the important human assets in generating customer referrals and the attendant fee income earned from those customer relationships. In first quarter 2012, mean community bank employee Productivity was \$634 per bank employee, the same as it was in first quarter 2011. Community banks with assets between \$1 billion and \$4 billion generated the highest level of program productivity at \$681 in program revenue per bank employee.

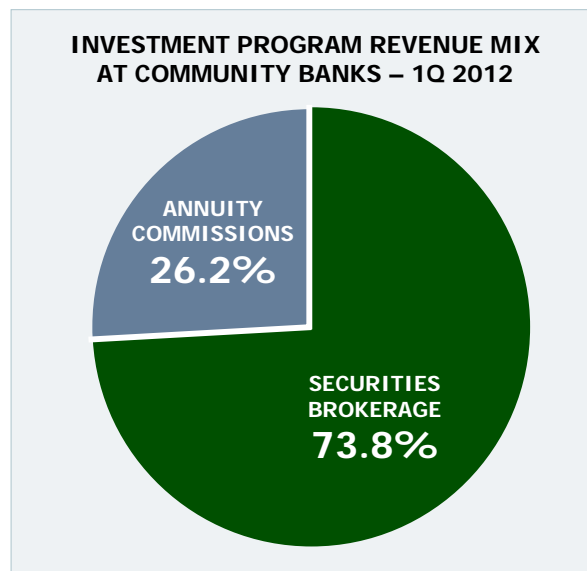
**Program Density**

Measured as the amount of program fee income per domestic banking office, Program Density evaluates the relative density of program income among banking locations, the critical physical assets in generating investment program income. Unadjusted mean density per domestic community bank office was \$13,496 in first quarter 2012, down 7.5% from \$14,584 in first quarter 2011.

**Revenue Mix – Securities Brokerage**

In first quarter 2012, community banks earned securities brokerage fee income of \$94.7 million, up 8.2% from \$87.5 million in first quarter 2011. First quarter 2012 brokerage revenues of \$94.7 million were \$15.3 million or 19.3% more than the \$79.3 million earned in fourth quarter 2011. Security brokerage revenues constituted 73.8% of total investment program income of \$128.2 million in first quarter 2012, same as the cumulative mix in 2011. First quarter 2012 securities revenue mix fell slightly by seven-tenths of a point from 74.5% in fourth quarter 2011.

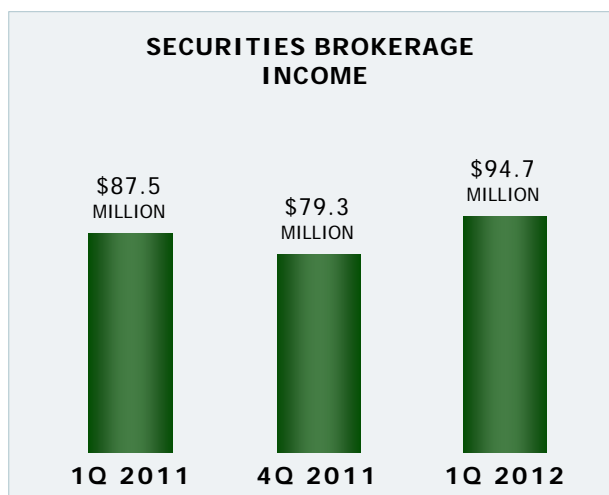
Of the 1,407 banks with assets under \$4 billion that reported earning investment program income in first quarter 2012, 1,224 banks or 87.0% reported earning commissions and fees from securities brokerage, and 620 banks or 44.1% reported earning securities brokerage fee income only.



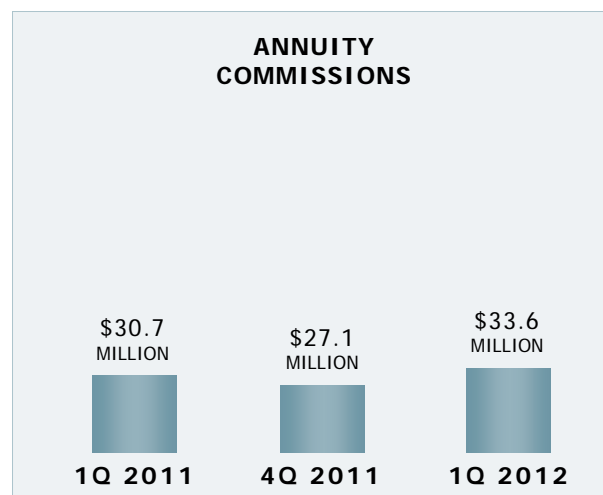
SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™

**Revenue Mix – Annuities**

Community banks earned annuity fee income of \$33.6 million in first quarter 2012, up 9.5% from \$30.7 million in first quarter 2011. First quarter 2012 annuity revenues of \$33.6 million were up 24.0% from \$27.1 million in fourth quarter 2011. Annuity commissions constituted 26.2% of community bank investment program income of \$128.2 million in first quarter 2012, up from fourth quarter 2011’s annuity revenue mix of 25.5%. With 13.9% of first quarter 2012 program income and 13.7% of fourth quarter 2011 program income from annuities, the bigger banks with assets in excess of \$4 billion had a considerably lower mix of annuity commissions in their programs.



SOURCE: Michael White-Securities America Report: Community Bank Investment Programs™



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Of the 1,407 community banks that reported earning investment program income in first quarter 2012, 787 banks or 55.9% reported earning annuity commissions, and 183 banks or 13.0% reported earning annuity income only. This latter finding of 183 banks reporting only annuity income may be indicative of banks that have only platform annuity or licensed bank employee (LBE) programs and not full-product or hybrid investment programs.

### **Leaders – Investment Program**

In first quarter 2012, leaders in investment program fee income among big banks with assets under \$4 billion were CenterState Bank of Florida (FL) with \$8.59 million, up 79.1% from \$4.80 million in first quarter 2011; North Shore Community Bank & Trust Company (IL) with \$4.13 million in 2012, down 0.8% from \$4.16 million; TIB The Independent Bankersbank (TX) with \$3.55 million, up 26.4% from \$2.81 million; United Bankers' Bank (MN) with \$1.91 million, up 30.3% from \$1.46 million; and Espirito Santo Bank (FL) with \$1.62 million, down 19.8% from \$2.02 million in first quarter 2011. (Not all income in some investment programs is derived from activities conducted for retail customers. Institutions like CenterState Bank of Florida and bankers' banks sell securities, particularly bonds, for other community banks. When bank lending is tight and there are higher deposits and fewer loans, the increased liquidity of banks' balance sheets also increases community banks' demand for bonds.)

### **Leaders – Annuities**

In first quarter 2012, leaders in annuity fee income among banks under \$4 billion in assets were AnchorBank, fsb (WI) with \$684,000, with last year's total unknown because it is a thrift; CenterState Bank of Florida (FL) with \$550,000, up nearly twenty-fold from \$27,000; Lake City Bank (IN) with \$520,000, down 11.3% from \$586,000 in first quarter 2011; First Victoria National Bank (TX) with \$469,000, up 19.3% from \$393,000; and United Bank (WV) with \$462,000 in 2012, up 11.1% from \$416,000 in first quarter 2011.

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### ***About Securities America***

Headquartered in La Vista, Neb., Securities America Inc. is the nation's eighth largest independent broker-dealer (as ranked by Financial Planning magazine, June 2012, based on 2011 total revenue). For more than 25 years, Securities America's mission has been to foster the success of financial professionals so they can provide quality, objective counsel and services to their clients. Advisors benefit from the firm's industry-leading programs in practice management, advisory services and retirement income distribution, supported by state-of-the-art technology. Founded in 1993, Securities America Advisors Inc. is an SEC-Registered Investment Advisory firm that offers investment management, financial advice and financial planning through a national network of independent financial advisors. Securities America Financial Corp. is a wholly owned subsidiary of Ladenburg Thalmann Financial Services Inc. (NYSE MKT: LTS). Securities America received the inaugural Thought Leadership Award from the Retirement Income Industry Association in March 2011. Additional information is available at [www.securitiesamerica.com](http://www.securitiesamerica.com).

### ***About Michael White Associates***

Michael White Associates, LLC (MWA) is a consulting, publishing and research firm headquartered in Radnor, PA, and online at [www.BankInsurance.com](http://www.BankInsurance.com). Produced by Michael White and Michael White Associates, LLC (MWA), the *Michael White-Securities America Report: Community Bank Investment Programs*<sup>™</sup> measures and benchmarks the performance of community banks' investment programs. The annual *Michael White-ABIA Bank Annuity Fee Income Report*<sup>™</sup> and *Michael White-Prudential Bank Insurance Fee Income Report*<sup>™</sup> provide, respectively, comprehensive analyses of bank annuity commission income and bank insurance brokerage. Additionally, the *MWA Fee Income Ratings Reports*<sup>™</sup> compare, rank and rate a particular financial institution's insurance or other noninterest fee income program nationally, regionally, statewide and in its asset-peer group. Copies of MWA reports can be ordered by calling (610) 254-0440, or by visiting [www.BankInsurance.com](http://www.BankInsurance.com).

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